



PAN ORIENT ENERGY CORP.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021**

May 10, 2022

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") of the operating and financial results of Pan Orient Energy Corp. ("Pan Orient" or the "Company") is prepared effective May 10, 2022 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and notes thereto for the three months ended March 31, 2022 and the audited consolidated financial statements and notes thereto and MD&A for the year ended December 31, 2021. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Pan Orient is an oil and natural gas company based in Calgary, Alberta, with interests in Pan Orient Energy (Siam) Ltd. which has properties onshore Thailand, and interests in Andora Energy Corporation ("Andora") which has properties in northern Alberta, Canada.

Pan Orient holds a 71.8% equity interest in Andora. The accounts of Andora are included in the consolidated financial statements and the 28.2% of non-controlling interest in the net assets of Andora are identified separately from the Company's shareholders' equity.

Pan Orient holds a 50.01% equity interest in Pan Orient Energy (Siam) Ltd. as a joint arrangement where the Company shares joint control with the 49.99% equity interest holder. The resulting joint arrangement is classified as a Joint Venture under IFRS 11 and is accounted for using the equity method of accounting where Pan Orient's 50.01% equity interest in the assets, liabilities, working capital, operations and capital expenditures of Pan Orient Energy (Siam) Ltd. are recorded in Investment in Thailand Joint Venture.

The undeveloped onshore interests in Indonesian East Jabung Production Sharing Contract ("PSC") expired in January 2020. The operator is continuing to complete the final steps to be taken for formal approval of the expiry from the Government of Indonesia, including reclamation requirements. The Company is withdrawing from operations in Indonesia. Operations in Indonesia for accounting purposes are considered discontinued operations effective January 1, 2020.

Please note that all amounts are in Canadian dollars unless otherwise stated, translation of items denominated in foreign currencies as at March 31, 2022 into Canadian dollars using March 31, 2022 exchange rates, represent the net amount to Pan Orient's interests unless otherwise stated, and BOPD refers to barrels of oil per day.

Forward-Looking Statements

This MD&A contains forward-looking information within the meaning of securities laws. Forward-looking statements and information concerning anticipated financial performance are based on management's assumptions using information currently available. Material factors or assumptions used to develop forward-looking information include potential business prospects, growth strategies, the ability to add production and reserves through development and exploration activities, projected capital costs, government legislation, well performance, the ability to market production, the commodity price environment and quality differentials and exchange rates. Although management considers its assumptions to be reasonable based on these factors, they may prove to be incorrect.

Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording. Forward-looking information in this MD&A includes, but is not limited to, references to: renewal, extension or termination of oil and gas concessions and production sharing contracts; other regulatory approvals; well drilling programs and drilling plans; estimates of reserves and potentially recoverable resources, information on future production and project start-ups, and status of farmout and other transactions; potential purchases of common shares under the normal course issuer bid; and sufficiency of financial resources. By their very nature, the forward-looking statements contained in this MD&A require Pan Orient and its management to make assumptions that may not materialize or that may not be accurate. The forward-looking information contained in this MD&A is subject to known and unknown risks and uncertainties and other factors, which could cause actual results, expectations, achievements or performance to differ materially, including without limitation: imprecision of reserves estimates and estimates of recoverable quantities of oil, changes in project schedules, operating and reservoir performance, the effects of weather and climate change, the results of exploration and development drilling and related activities, changes in demand for oil and gas, the results of commercial negotiations, the timing and outcome of applications for government approvals, other technical and economic factors or revisions and other factors, many of which are beyond the control of Pan Orient. Although Pan Orient believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurances that the expectations of any forward-looking statements will prove to be correct.

The Company has provided or may provide forward-looking information with respect to reserves and resources estimates related to Thailand and Canada and estimated costs associated with work commitments in Thailand and Canada. Reserves and resources estimates are prepared by independent reservoir engineers and there are numerous uncertainties inherent in estimating quantities of oil and the cash flows to be derived therefrom. In general, estimates of economically recoverable volumes and the associated future net cash flows are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserves recovery, timing and amount of capital expenditures, marketability of commodities, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary from actual results. All such estimates are to some degree speculative, and classifications of reserves and resources volumes are only attempts to define the degree of speculation involved. The Company's actual production, revenues and development and operating expenditures with respect to its reserves and resources estimates will vary from estimates thereof and such variations could be material. The Company's estimated commitments are based on internally-prepared budgets and assumptions and, in the case where a tender process has been completed, actual contracted amounts. The estimated expenditures as provided by management will vary from the actual amounts required to carry out these commitments, and the difference may be significant.

Because forward-looking information addresses future events and conditions, it involves risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking information. These risks and uncertainties include, but are not limited to: commodity price volatility; well performance and marketability of production; transportation and refining availability and costs; exploration and development costs; the recoverability of estimated reserves and resources volumes; the Company's ability to add reserves through development and exploration activities; fluctuations in currency exchange rates; and changes in government legislation and regulations, including royalty and tax laws.

The forward-looking statements contained herein are as of May 10, 2022 and are subject to change after this date. Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive and as such undue reliance should not be placed on forward-looking statements. Except as required by applicable securities laws, with the exception of events or circumstances that occurred during the period to which this MD&A relates that are reasonably likely to cause actual results to differ materially from material forward-looking information that was previously disclosed to the public, the Company disclaims any intention or obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

Non-IFRS Measures

Management uses and reports certain non-IFRS measures in the evaluation of operating and financial performance. Unless identified as a non-IFRS measure in this section all amounts presented in this MD&A are calculated in accordance with IFRS.

Total corporate adjusted funds flow from (used in) operations is cash flow from (used in) operating activities prior to changes in non-cash working capital, unrealized foreign exchange gain or loss, settlement of decommissioning provision plus the corresponding amount from the Thailand operations which is recorded in Joint Venture for financial statement purposes and funds flow from (used in) operations from discontinued operations in Indonesia. This measure is used by management to analyze operating performance and leverage. Adjusted corporate funds flow as presented does not have any standardized meaning prescribed by IFRS and therefore it may not be comparable with the calculation of similar measures of other entities. Adjusted corporate funds flow is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS.

The Company's 50.01% equity interest in Pan Orient Energy (Siam) Ltd. is accounted for under the equity method as an Investment in Joint Venture. Adjusted funds flow from Investment in Joint Venture is the Company's net interest of the cash generated from operating activities from continuing operations before changes in non-cash working capital from Pan Orient Energy (Siam) Ltd.

The following table reconciles adjusted funds flow from (used in) operations to cash flow from (used in) operating activities, which is the most directly comparable measure calculated in accordance with IFRS:

(\$thousands)	Three month ended	
	2022	2021
Cash flow used in operating activities, continuing operations	(967)	(991)
Changes in non-cash working capital, continuing operations	30	327
Cash flow used in operating activities, discontinued operations	(151)	(33)
Changes in non-cash working capital, discontinued operations	91	13
Unrealized foreign exchange loss	(225)	(260)
Settlement of decommissioning expense	22	-
Share of adjusted funds flow from Investment in Joint Venture	5,694	4,326
Total corporate adjusted funds flow from operations	4,494	3,382

Total corporate adjusted funds flow from operations, total corporate adjusted funds flow from operations per barrel and total corporate adjusted funds flow from operations per share (basic and diluted) do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Adjusted funds flow is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS. All references to total corporate adjusted funds flow from operations throughout this MD&A is cash flow from operating activities prior to changes in non-cash working capital, unrealized foreign exchange gain or loss, settlement of decommissioning provision plus the corresponding amount from Pan Orient's 50.01% interest in the Thailand operations which is recorded in Investment in Joint Venture for financial statement purposes and funds flow from (used in) operations from discontinued operations in Indonesia. Pan Orient has a 50.01% ownership interest in Pan Orient Energy (Siam) Ltd., but does not have any direct interest in, or control over, the crude oil reserves, operations or working capital of on-shore Concession L53. Basic and diluted total corporate adjusted funds flow from operations per share is calculated in the same manner as basic and diluted earnings or loss per share.

The term “field netback” is a non-IFRS measure that does not have a standardized meaning prescribed by IFRS. “Field netback” is calculated by subtracting royalty, transportation and operating expenses from revenues. Field netback per barrel is the amount of revenues received on a per unit of production bases after the royalties, transportation and operating expense are deducted and used to assess profitability on a per barrel of oil equivalent. Pan Orient believes the term provides useful supplemental information to investors.

Working capital represents current assets less current liabilities and is used to assess efficiency, liquidity and general financial strength of the Company. Current assets include cash and cash equivalents, accounts receivable and current liabilities include accounts payable and accrued liabilities, lease liabilities and current portion of decommissioning provision.

Thailand

Concession L53

The Company holds a 50.01% equity interest in Pan Orient Energy (Siam) Ltd. which is the operator of and holds a 100% working interest in Concession L53/48 (“Concession L53”) in Thailand. Concession L53 is partially developed, has oil production and an active exploration and development program.

Pan Orient’s 50.01% equity interest in Pan Orient Energy (Siam) Ltd. is classified as a Joint Venture under IFRS and accounted for using the equity method. As a jointly controlled Joint Venture, Pan Orient’s 50.01% equity interest in the working capital, assets, capital expenditures, liabilities and operations of Pan Orient Energy (Siam) Ltd. are recorded as Investment in Joint Venture. Pan Orient’s 50.01% equity interest in Pan Orient Energy (Siam) Ltd. is the Company’s only investment in Thailand.

Pan Orient Energy (Siam) Ltd. holds a 100% interest in Thailand Concession L53, which has oil production, development and exploration operations. Concession L53 is located approximately 60 kilometers west of Bangkok and at December 31, 2021, consists of 27.32 square kilometers associated with the L53-A, L53-B, L53-D, L53-G, L53-DD, L53-AA South and L53-AA fields that are held through production licenses (with a 20 year primary term ending in 2036 plus an additional 10 year renewal period that can be applied for).

The December 31, 2021 independent reserves evaluation for Thailand on-shore Concession L53 was prepared for Pan Orient Energy (Siam) Ltd., which is the operator and has a 100% working interest. The evaluation was conducted by Sproule International and was prepared in accordance with Canadian Securities Administrators National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities. Pan Orient has a 50.01% ownership interest in Pan Orient Energy (Siam) Ltd., but does not have any direct interest in, or control over, the crude oil reserves or operations of on-shore Concession L53. The values at December 31, 2021 identified as “Net to Pan Orient’s 50.01% Equity Interest in Pan Orient Energy (Siam) Ltd.” represent 50.01% of Pan Orient Energy (Siam) Ltd. reserves and values. Net to Pan Orient’s 50.01% equity interest in Pan Orient Energy (Siam) Ltd., proved plus probable crude oil reserves were 2,313 thousand barrels at December 31, 2021 from conventional sandstone reservoirs. Net to Pan Orient’s 50.01% equity interest in Pan Orient Energy (Siam) Ltd., proved, probable and possible crude oil reserves were 2,986 thousand barrels at December 31, 2021. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

Canada

Andora is a private oil company, in which Pan Orient has a 71.8% ownership. Andora has interests in 27 sections (24.25 net sections) of Sawn Lake Alberta Crown oil sands within the central Alberta Peace River Oil Sands area. Andora is focused on developing the bitumen resources at the Sawn Lake property using steam assisted gravity drainage (“SAGD”) development. Andora is the operator of five oil sands leases with 27 gross sections (24.25 net sections) at Sawn Lake, where it has a working interest of either 75% or 100%.

The Sawn Lake property is in a pre-commercial stage and the commercial viability of the SAGD recovery process at Sawn Lake has not yet been established. No proved or probable reserves were assigned at March 31, 2022.

In early 2020 there was a severe decline in crude oil prices due to geopolitical events and the collapse of global demand for crude oil and related products resulting from COVID-19. This resulted in dramatically lower prices for heavy oil and bitumen, and deterioration in the economics for commercial expansion at Sawn Lake, and as a result, in that market there was no expected commercial development at Sawn Lake. The exploration and evaluation assets at Sawn Lake were impaired in the first quarter of 2020. Prices for heavy oil and bitumen increased significantly in the past year and the Company will continue to monitor bitumen prices and other factors influencing the timing and extent of potential future SAGD development at Sawn Lake.

A SAGD demonstration project at Sawn Lake commenced in 2013 and is located in the Central Block of Sawn Lake where Andora is the operator and holds a 50% working interest. The demonstration project consisted of one SAGD well pair drilled to a depth of 650 meters and a horizontal length of 780 meters and the SAGD facility for steam generation, water handling and bitumen treating. Steam injection commenced in May 2014 and produced bitumen from September 2014 to February 2016. The demonstration project successfully captured the key data associated with the objectives of the demonstration project and operations were suspended at the end of February 2016. The demonstration project has proven that the SAGD process works in the Bluesky formation at Sawn Lake, established characteristics of ramp up through stabilization of SAGD performance, indicated the productive capability, instantaneous steam-oil ratio (“ISOR”), and provided critical information required for well and facility design associated with any future commercial development. Production results to date are not necessarily indicative of long-term performance or of ultimate recovery and the Sawn Lake demonstration project has not yet proven that it is commercially viable.

Regulatory approval was received on December 5, 2017 for potential commercial expansion to 3200 BOPD at the Sawn Lake, Alberta SAGD project (in which Andora has a 50% working interest and is the operator) using Andora's proprietary Produced Water Boiler.

In March 2022, Andora entered into an agreement with a joint venture partner at Sawn Lake whereby Andora acquired certain assets and assumed certain liabilities at Sawn Lake. Assets acquired consist of (i) an additional 25% working interest in the Sawn Lake joint venture (Sawn Lake Central Block), (ii) security deposits of the vendor for Sawn Lake placed with the Alberta Energy Regulator and other parties, and (iii) a payment from the vendor of \$578 thousand. In connection with the acquisition, Andora assumed the abandonment and reclamation costs, and natural gas tariff commitments associated with the additional 25% working interest in the Sawn Lake joint venture (note 10). Following the transaction, Andora has a 75% working interest in the Sawn Lake joint venture.

Summarized financial information with respect to Andora is as follows:

Andora Energy Corporation (\$thousands)	As at and for the Three month ended March 31	
	2022	2021
Total assets	2,014	1,168
Total liabilities	5,821	4,751
Net income	114	22

Indonesia

East Jabung PSC (expired 2020)

The undeveloped interests at the East Jabung PSC, where the Company held a 49% non-operated working interest, expired in January 2020 and the operator is continuing to complete the final steps to be taken for formal approval of the expiry by the GOI, including reclamation requirements.

Batu Gajah PSC (expired 2017)

The Batu Gajah PSC, where the Company had held a 77% operated working interest with a 23% carried interest held by third parties, expired January 15, 2017 and the Company is still waiting for reclamation requirements and final approval of the expiry from the GOI.

Pan Orient is withdrawing from operations in Indonesia and the office in Jakarta was closed on March 31, 2020. Activities of the Company related to Indonesia are considered discontinued operations effective January 1, 2020.

Financial and Operating Summary
(thousands of Canadian dollars except where indicated)

	Three Months Ended March 31,		% Change
	2022	2021	
FINANCIAL			
Financial Statement Results – Excluding 50.01% Interest in Thailand Joint Venture (Note 1)			
Net income attributed to common shareholders	3,514	1,140	208%
Per share – basic and diluted	\$ 0.07	\$ 0.02	208%
Cash flow used in operating activities (Note 2 & 3)	(967)	(991)	-2%
Per share – basic and diluted	\$ (0.02)	\$ (0.02)	-2%
Cash flow from investing activities (Note 2 & 3)	283	2,610	-89%
Per share – basic and diluted	\$ 0.01	\$ 0.05	-89%
Cash flow used in financing activities (Note 2 & 3)	(19,918)	(1,240)	1506%
Per share – basic and diluted	\$ (0.40)	\$ (0.02)	1506%
Change in cash and cash equivalents used in discontinued operations (Note 3)	(151)	(33)	358%
Working capital	10,675	22,805	-53%
Working capital & non-current deposits	11,513	23,415	-51%
Long-term debt	-	-	
Shares outstanding (thousands)	49,794	50,303	-1%
Capital Commitments (Note 4)	1,590	801	99%
Working Capital and Non-current Deposits			
Beginning of period – Excluding Thailand Joint Venture	32,084	23,577	36%
Adjusted funds flow used in continuing operations (Note 3 & 6)	(1,162)	(924)	26%
Adjusted funds flow used in discontinued operations (Note 3)	(38)	(20)	90%
Cash and deposits acquired (Note 13)	752	-	
Special distribution (Note 14)	(19,917)	-	
Amounts received from (advanced to) Thailand Joint Venture	(204)	10	
Dividend received from Thailand Joint Venture	-	2,600	-100%
Finance lease payments	(1)	(2)	-50%
Normal course issuer bid	-	(1,238)	-100%
Automatic shares purchase plan (Note 8)	-	(629)	-100%
Effect of foreign exchange	(1)	41	-102%
End of period – Excluding Thailand Joint Venture	11,513	23,415	-51%
Pan Orient 50.01% interest in Thailand Joint Venture Working Capital and Non-Current Deposits	7,925	4,438	79%
Economic Results – Including 50.01% Interest in Thailand Joint Venture			
Total corporate adjusted funds flow from (used in) operations by region (Note 6)			
Canada	(1,154)	(916)	26%
Thailand (Note 9)	(8)	(8)	0%
From continuing operations	(1,162)	(924)	26%
Indonesia - Discontinued Operations	(38)	(20)	90%
Adjusted funds flow used in operations (excl. Thailand Joint Venture)	(1,200)	(944)	27%
Share of Thailand Joint Venture (Notes 1 & 5)	5,694	4,326	32%
Total corporate adjusted funds flow from operations	4,494	3,382	33%
Per share – basic and diluted	\$ 0.09	\$ 0.07	35%
Capital Expenditures - Petroleum and Natural Gas Properties (Note 7)			
Share of Thailand Joint Venture capital expenditures	1,336	1,829	-27%
Total capital expenditures (incl. Thailand Joint Venture and discontinued operations)	1,336	1,829	-27%
Investment in Thailand Joint Venture			
Beginning of period	24,094	28,329	-15%
Net income from Joint Venture	4,350	1,902	129%
Other comprehensive loss from Joint Venture	(484)	(1,369)	-65%
Dividend paid	-	(2,600)	-100%
Amounts (received from) advanced to Joint Venture	204	(10)	
End of period	28,164	26,252	7%

	Three Months Ended March 31,		%
	2022	2021	
<i>(thousands of Canadian dollars except where indicated)</i>			
Thailand Operations			
Economic Results – Including 50.01% Interest in Thailand Joint Venture (Note 5)			
Oil sales (bbls)	99,424	121,733	-18%
Average daily oil sales (BOPD) by Concession L53	1,105	1,353	-18%
Average oil sales price, before transportation (CDN\$/bbl)	\$ 122.67	\$ 73.82	66%
Reference Price (volume weighted) and differential			
Crude oil (Brent \$US/bbl)	\$ 99.45	\$ 60.41	65%
Exchange Rate \$US/\$Cdn	1.28	1.28	-0%
Crude oil (Brent \$Cdn/bbl)	\$ 127.21	\$ 77.36	64%
Sale price / Brent reference price	96%	95%	1%
Adjusted funds flow from (used in) operations (Note 6)			
Crude oil sales	12,196	8,986	36%
Government royalty	(618)	(479)	29%
Transportation expense	(244)	(292)	-16%
Operating expense	(636)	(756)	-16%
Field netback	10,698	7,459	43%
General and administrative expense (Note 9)	(207)	(247)	-16%
Foreign exchange gain	1	14	-93%
Current income tax	(4,806)	(2,909)	65%
Thailand – Adjusted funds flow from operations	5,686	4,317	32%
Adjusted funds flow from (used in) operations / barrel (CDN\$/bbl) (Note 6)			
Crude oil sales	\$ 122.67	\$ 73.82	66%
Government royalty	(6.22)	(3.93)	58%
Transportation expense	(2.45)	(2.40)	2%
Operating expense	(6.40)	(6.21)	3%
Field netback	107.60	61.27	76%
General and administrative expense (Note 9)	(2.08)	(2.03)	3%
Foreign exchange gain	0.01	0.12	-91%
Current income tax	(48.34)	(23.90)	102%
Thailand – Adjusted funds flow from operations	\$ 57.19	\$ 35.46	61%
Government royalty as percentage of crude oil sales	5.1%	5.3%	0%
Income tax & SRB as percentage of crude oil sales	39%	32%	7%
As percentage of crude oil sales			
Expenses - transportation, operating, G&A and other	9%	14%	-5%
Government royalty, SRB and income tax	44%	38%	7%
Adjusted funds flow from operations, before interest income	47%	48%	-1%
Wells drilled			
Gross	-	2	-100%
Net	-	1.0	-100%
Financial Statement Presentation			
Results – Excl. 50.01% Interest in Thailand Joint Venture (Note 1)			
General and administrative expense (Note 9)	(8)	(9)	-11%
Adjusted funds flow used in consolidated operations	(8)	(9)	-11%
Adjusted fund flow Included in Investment in Thailand Joint Venture			
Net income from Thailand Joint Venture	4,350	1,902	129%
Add back non-cash items in net income	1,344	2,424	-45%
Adjusted funds flow from Thailand Joint Venture	5,694	4,326	32%
Thailand – Economic adjusted funds flow from operations (Note 5)	5,686	4,317	32%
Canada Operations			
Interest income	4	6	-33%
General and administrative expenses (Note 9)	(578)	(520)	11%
Operating expense (Note 10)	(66)	(42)	57%
Stock based compensation on restricted share units (Note 11)	(267)	(99)	170%
Realized foreign exchange loss (Note 12)	(22)	(1)	2100%
Unrealized foreign exchange gain (loss) (Note 12)	(225)	(260)	-13%
Canada – Adjusted funds flow used in operations	(1,154)	(916)	26%
Add Thailand general and administrative expense (note 9)	(8)	(9)	-11%
Add back changes in non-cash working capital, continuing operations	(30)	(327)	-91%
Add back unrealized foreign exchange loss	225	261	-14%
Cash flow used in operating activities, continuing operations	(967)	(991)	-2%

Indonesia - Discontinued Operations

General and administrative expense (Note 9)	(40)	(51)	-22%
Other expense	(82)	(1)	
Unrealized foreign exchange gain (loss)	84	32	163%
Indonesia – Adjusted funds flow used in operations	(38)	(20)	90%
Add back changes in non-cash working capital, discontinued operations	(91)	(13)	600%
Settlement of decommissioning provision	(22)	-	
Cash flow used in operating activities, discontinued operations	(151)	(33)	358%

- (1) Pan Orient holds a 50.01% equity interest in Pan Orient Energy (Siam) Ltd. as a joint arrangement where the Company shares joint control with the 49.99% equity interest holder. The resulting joint arrangement is classified as a Joint Venture under IFRS 11 and is accounted for using the equity method of accounting where Pan Orient's 50.01% equity interest in the assets, liabilities, working capital, operations and capital expenditures of Pan Orient Energy (Siam) Ltd. are recorded in Investment in Thailand Joint Venture.
- (2) As set out in the Consolidated Statements of Cash Flows in the Consolidated Financial Statements of Pan Orient Energy Corp.
- (3) The East Jabung Production Sharing Contract ("PSC") expired in January 2020 and the operator is continuing to complete the final steps to be taken for formal approval of the expiry from the Government of Indonesia, including reclamation requirements. Pan Orient is withdrawing from operations in Indonesia and the office in Jakarta was closed March 31, 2020. For accounting purposes, the operation in Indonesia for accounting purposes is considered a discontinued operation since 2020.
- (4) Refer to Commitments note disclosure of the March 31, 2022 and March 31, 2021 Interim Condensed Consolidated Financial Statements.
- (5) For the purpose of providing more meaningful economic results from operations for Thailand, the amounts presented include 50.01% of results of the Thailand Joint Venture. Pan Orient has a 50.01% ownership interest in Pan Orient Energy (Siam) Ltd., but does not have any direct interest in, or control over, the crude oil reserves, operations or working capital of on-shore Concession L53.
- (6) Total corporate adjusted funds flow from operations is cash flow from operating activities prior to changes in non-cash working capital, unrealized foreign exchange gain or loss plus the corresponding amount from Pan Orient's 50.01% interest in the Thailand Joint Venture which is recorded in Joint Venture for financial statement purposes. This measure is used by management to analyze operating performance and leverage. Adjusted funds flow as presented does not have any standardized meaning prescribed by IFRS and therefore it may not be comparable with the calculation of similar measures of other entities. Adjusted funds flow is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS.
- (7) Cost of capital expenditures excluded decommissioning costs and the impact of changes in foreign exchange.
- (8) In December 2020, the Company entered into an Automatic Share Purchase Plan ("ASPP"), which permits an independent broker to repurchase shares during certain blackout periods under the Company's normal course issuer bid, subject to agreed trading parameters and other instructions for such purchases. The Company recognized additional \$0.6 million provision during the first quarter of 2021 from \$0.9 million at December 31, 2020 to \$1.5 million at March 31, 2021 in accounts payable and accrued liabilities as an estimate for the number of shares that may be repurchased during the potential blackout periods at the maximum share price under the ASPP.
- (9) General & administrative expenses, excluding non-cash accretion expense. Thailand operations includes a small amount of G&A shown in the three months ended March 31, 2022 and March 31, 2021 for Thailand operations related to G&A of the holding company of Pan Orient Energy (Siam) Ltd.
- (10) Operating expense related to Andora's suspended demonstration project facility and wellpair at Sawn Lake Central.
- (11) The Company granted 1,050,000 and 520,000 restricted share units ("RSUs") to directors, senior management, employees and consultant on May 19, 2020 and May 14, 2021, respectively. At March 31, 2022, 599,998 RSUs are outstanding. The amount represents the stock-based compensation expenses.
- (12) Realized and unrealized foreign exchange gain or loss mainly related to the U.S. dollars denominated cash balances held in Canada.
- (13) In March 2022, Andora entered into an agreement with a joint venture partner at Sawn Lake whereby Andora acquired certain assets and assumed certain liabilities at Sawn Lake. Assets acquired consist of (i) an additional 25% working interest in the Sawn Lake joint venture (Sawn Lake Central Block), (ii) security deposits of the vendor for Sawn Lake placed with the Alberta Energy Regulator and other parties, and (iii) a payment from the vendor of \$578 thousand. In connection with the acquisition, Andora assumed the abandonment and reclamation costs, and natural gas tariff commitments associated with the additional 25% working interest in the Sawn Lake joint venture. Following the transaction, Andora has a 75% working interest in the Sawn Lake joint venture.
- (14) In February 2022, the Company paid a \$0.40 per share special distribution to shareholders following shareholder approval of a reorganization of the Company's share capital. The amount paid on February 10, 2022 was \$19.9 million.
- (15) Tables may not add due to rounding.

HIGHLIGHTS

Thailand (net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture)

- Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, oil sales from Concession L53 in the first quarter of 2022 were 1,105 BOPD. Oil sales declined 23% from 1,426 BOPD in the fourth quarter of 2021 primarily due to natural declines related to flush production from workovers completed in late 2021 and delays in the commencement of the 2022 multi-well workover program.
- Adjusted Thailand funds flow from operations of \$5.7 million (\$57.19 per barrel) in the first quarter of 2022 compared with \$5.7 million (\$43.56 per barrel) in the fourth quarter of 2021. The average realized oil price per barrel increased 25% in the first quarter of 2022 to \$122.67 per barrel compared with \$98.02 in the fourth quarter of 2021.
- Thailand adjusted funds flow from operations funded \$1.3 million of Thailand exploration and development activities. Pan Orient's share of working capital and long-term deposits in Thailand at March 31, 2022 was \$7.9 million.

Indonesia East Jabung Production Sharing Contract (Pan Orient is non-operator with a 49% ownership interest)

- Pan Orient is withdrawing from operations in Indonesia and the office in Jakarta was closed March 31, 2020. The East Jabung Production Sharing Contract expired in January 2020 and the operator is completing final steps to be taken for formal approval of the expiry from the Government of Indonesia, including reclamation requirements.
- Activities of the Company in Indonesia are reported in 2020 and 2021 as discontinued operations. Discontinued operations in Indonesia for the first quarter of 2022 were \$122 thousand of expenses and \$84 thousand in unrealized foreign exchange gains on currency exchange rates since the end of 2021.

Sawn Lake (Operated by Andora Energy Corporation, in which Pan Orient has a 71.8% ownership)

- For the first quarter of 2022, Pan Orient reports total operating expenses of \$66 thousand for Sawn Lake, primarily associated with maintaining the suspended Steam Assisted Gravity Drainage ("SAGD") facility and wellpair.
- In March 2022, Andora entered into an agreement with a joint venture partner at Sawn Lake whereby Andora acquired certain assets and assumed certain liabilities at Sawn Lake. Assets acquired consist of (i) an additional 25% working interest in the Sawn Lake joint venture (Sawn Lake Central Block), (ii) security deposits of the vendor for Sawn Lake placed with the Alberta Energy Regulator and other parties, and (iii) a payment from the vendor of \$578 thousand. In connection with the acquisition, Andora assumed the abandonment and reclamation costs, and natural gas tariff commitments associated with the additional 25% working interest in the Sawn Lake joint venture. Following the transaction, Andora has a 75% working interest in the Sawn Lake joint venture.
- An updated contingent bitumen resources evaluation effective March 31, 2022 is being prepared for Andora by an independent qualified reserves evaluator to evaluate all of Andora's Oil Sands Leases at Sawn Lake based on exploitation using SAGD.
- There is continued strength in Western Canada Select reference prices for heavy oil. At May 2, 2022, the price for Western Canada Select was Cdn\$118.42 per barrel and the forward market for Western Canada Select in 2024 was Cdn\$81.07 per barrel. Andora is considering alternatives to move the Sawn Lake project forward with minimum development costs to Andora, including partnership, farmout, sourcing additional funds, partial sale or outright sale, and achieve value for Andora and Pan Orient shareholders.

Corporate

- Corporate adjusted funds flow from operations (including Pan Orient's 50.01% equity interest in the Thailand Joint Venture) in the first quarter of 2022 were \$4.5 million (\$0.09 per share) compared with \$4.4 million (\$0.09 per share) in the fourth quarter of 2021.
- Net income attributable to common shareholders for the first quarter of 2022 was \$3.5 million (\$0.07 income per share) compared with net income attributable to common shareholders for the fourth quarter of 2021 of \$3.0 million (\$0.06 per share).
- At the Annual and Special Meeting of Shareholders on January 18, 2022, shareholders approved the previously announced capital reorganization resulting in a \$0.40 per common share return of capital distribution to shareholders on February 10, 2022. The total amount of the distribution was \$19.9 million.
- Common shares outstanding were 49.8 million at March 31, 2022. Pan Orient has not repurchased any common shares in 2022 under its normal course issuer bid.
- Pan Orient continues to maintain a strong financial position with working capital and non-current deposits of \$11.5 million and no long-term debt at March 31, 2022. In addition, the Thailand Joint Venture has \$7.9 million in working capital and long-term deposits, net to Pan Orient's 50.01% equity interest, and Thailand funds flow from operations are expected to expand the Company's cash balance through the remainder of 2022.

OUTLOOK

CORPORATE

Pan Orient is currently engaged in the advanced stages of a due diligence process related to the sale of the Company's Thailand interests. We anticipate being in a position to make an announcement regarding this matter by the end of the second quarter 2022.

Net income from Thailand Joint Venture

The Company holds a 50.01% equity interest in Pan Orient Energy (Siam) Ltd. ("POS"), which is considered a Joint Venture under IFRS and is accounted for using the equity method. Pan Orient has a 50.01% ownership interest in Pan Orient Energy (Siam) Ltd., but does not have any direct interest in, or control over, the crude oil reserves, operations or working capital of Concession L53. Distributions received from the joint venture reduce the carrying amount of the investment whereas funding to the joint venture increases the carrying amount. The Company's profit or loss includes its share of the joint venture's profit or loss and the Company's other comprehensive income or loss includes its share of the joint venture's other comprehensive income or loss.

Income from Joint Venture Pan Orient Energy (Siam) Ltd. (Net to Pan Orient 50.01%)	Three months ended March 31			
	2022		2021	
	\$000s	\$ per bbl	\$000s	\$ per bbl
Crude oil revenue	12,196	122.67	8,986	73.82
Government royalty	(618)	(6.22)	(479)	(3.93)
Transportation expense	(244)	(2.45)	(292)	(2.40)
Production and Operating expense	(636)	(6.40)	(756)	(6.21)
Field netback	10,698	107.60	7,459	61.27
General and administrative	(199)	(2.00)	(238)	(1.96)
Foreign exchange gain	1	0.01	14	0.12
Current income tax expense	(4,806)	(48.34)	(2,909)	(23.90)
Adjusted funds flow from operations	5,694	57.27	4,326	35.54
Depletion, depreciation and amortization	(1,426)	(14.34)	(2,206)	(18.12)
Accretion	(15)	(0.15)	(10)	(0.08)
Deferred tax recovery	267	2.69	47	0.39
Net income	4,520	45.46	2,157	17.72
Amortization of fair value adjustment	(170)	(1.71)	(255)	(2.09)
Net income from Joint Venture	4,350	43.75	1,902	15.62

Note: Tables may not add due to rounding

Crude oil revenue earned within Thailand Joint Venture, net to Pan Orient 50.01% equity interest

Oil sales from Concession L53 in Thailand averaged 1,105 BOPD during the three months ended March 31, 2022 compared to 1,353 BOPD during the first quarter of 2021. Oil sales revenue from Concession L53 was \$12.2 million for the three months ended March 31, 2022 compared to \$9.0 million in the first quarter of 2021. Revenue in the first quarter of 2022 was higher than the first quarter in 2021 due to higher realized price per barrel partially offset by lower oil sales. The realized price per barrel was \$122.67 for the three months ended March 31, 2022 compared to \$73.82 during the first quarter of 2021.

Royalties expense incurred within Thailand Joint Venture, net to Pan Orient 50.01% equity interest

Royalties on Concession L53 are paid to the Thailand government and are based on production volumes per concession ranging from 5% on production of less than 2,000 BOPD to 15% on production over 20,000 BOPD.

Production and operating expense incurred within Thailand Joint Venture, net to Pan Orient 50.01% equity interest

Operating costs were \$0.6 million (\$6.40 per barrel) in the first quarter of 2022 compared to \$0.8 million (\$6.21 per barrel) in the first quarter of 2021. On a per barrel basis, operating expenses were higher in the first quarter of 2022 compared to 2021 due to lower production volumes in 2022 and fixed costs that did not decline with production volume.

Tax expense incurred within Thailand Joint Venture, net to Pan Orient 50.01% equity interest

Petroleum income tax in Thailand Joint Venture is 50% of taxable income which is calculated based on adjusted funds flow from operations less capital expenditures (deductible at varying rates), special remuneratory benefit tax ("SRB"), and other permitted deductions. Current income tax expense was \$5.7 million for the three months ended March 31, 2022 compared to \$4.3 million during the first quarter of 2022. Current income tax increased due to higher taxable income resulted from higher realized prices in 2022.

Thailand SRB is a tax at sliding scale rates of 0 - 75% applied on a concession-by-concession basis to petroleum profits as defined in Thai tax legislation which includes deductions for expenses and capital spent. The rate is principally determined by revenue for the concession (production and pricing) but is subject to other adjustments such as changes in Thailand's consumer and wholesale price indices and cumulative meters drilled on the concession. There was no SRB tax paid since inception to date for Concessions L53 and because of the numerous factors involved in the SRB calculation, it is uncertain if SRB will be payable on the concession.

Depletion, Depreciation & Amortization ("DD&A") incurred within Thailand Joint Venture, net to Pan Orient 50.01% equity interest

Depletion is provided on costs accumulated using the unit-of production method based on an independent engineering estimate of the Thailand Joint Venture's share of proved plus probable reserves, before royalties. DD&A was \$14.34 for the three months ended March 31, 2022 compared to \$18.12 per barrel for the three months ended March 31, 2021. On a per barrel basis, the DD&A was overall lower in 2022 than in 2021 due to lower cost base subject to depletion.

General and Administrative (“G&A”) Expenses

	Three months ended	
	March 31	
(\$thousands)	2022	2021
Canada ⁽¹⁾	584	520
Thailand (excluding Thailand Joint Venture)	8	9
G&A expense from continuing operations	592	529
G&A expense from discontinued operations – Indonesia	40	51
Share of G&A from Thailand Joint Venture ⁽³⁾	216	238
Total G&A attributable to the economic interests of Pan Orient (including 50.01% interest in Thailand Joint Venture)	848	818

(1) G&A, net of overhead recoveries, represents the portion of Pan Orient’s G&A expenses charged by Andora, as operator, to the Sawn Lake joint venture operations and capital projects. Overhead recoveries were \$4 thousand and \$5 thousand for the three months ended March 31, 2022 and 2021.

Capital Expenditures

	Three months ended March 31			
	2022	2021		
		Net wells drilled	Net wells drilled	
	\$000s		\$000s	
Capital expenditures ⁽¹⁾				
Share of Thailand joint venture capital expenditures ⁽²⁾	1,336	-	1,829	2
Total capital expenditures attributable to the economic interest of Pan Orient (including 50.01% interest in Thailand Joint Venture)	1,336	-	1,829	2

(1) Excluded decommissioning costs and the impact of changes in foreign currency translation.

(2) Pan Orient’s 50.01% share of capital expenditures in the Thailand Joint Venture are accounted for using the equity method as an investment in Joint Venture. Pan Orient has a 50.01% ownership interest in Pan Orient Energy (Siam) Ltd., but does not have any direct interest in, or control over, the crude oil reserves or operations of on-shore Concession L53.

Thailand

Capital expenditures related to Thailand Joint Venture were \$1.3 million for the three months ended March 31, 2022 consisted of workover activities, equipment inventory purchases, capitalized general and administrative expenses and other development activities.

Liquidity and Capital Resources

Pan Orient’s capital program for the 50.01% share of the Thailand Joint Venture was \$1.3 million for the three months ended March 31, 2022 and was financed from existing working capital and adjusted funds flow from operations within the Thailand Joint Venture. At March 31, 2022 the Company’s working capital plus non-current deposits was \$11.5 million compared to \$32.1 million at December 31, 2021. The Company had estimated outstanding capital commitments of \$1.6 million at March 31, 2022. In addition to Pan Orient’s consolidated working capital and non-current deposits, its investment in the Thailand Joint Venture includes \$7.9 million of its share of working capital and non-current deposits and \$2.9 million of equipment inventory to be utilized for future operations of the Thailand Joint Venture.

Non-current deposits of \$0.8 million at March 31, 2022 consisted of deposits placed with the Alberta energy regulator in Canada for the interests of Andora at Sawn Lake. The estimated decommissioning provision for Andora at March 31, 2022 for wells and facilities in Canada is \$1.6 million. The estimated decommissioning provision for Indonesia discontinued operations at March 31, 2022 is \$1.0 million.

Share Capital

Outstanding (thousands)	May 10, 2022	March 31, 2022	December 31, 2021
Common shares	49,794	49,794	49,794
Stock options	2,865	2,865	2,865
Total	52,659	52,659	52,659

In February 2022, the Company paid a \$0.40 per share special distribution to shareholders following shareholder approval of a reorganization of the Company’s share capital. The amount paid on February 10, 2022 was \$19.9 million.

Foreign Exchange

The Company's reporting currency is the Canadian dollar and its functional currencies are the Canadian dollar, the Thai baht and the U.S. dollar. In each reporting period, the changes in the values of the Thai baht and U.S. dollar relative to the Company's reporting currency are recognized. The period end rates used to translate the Company's Thai baht and U.S. dollar denominated financial statement items for the reporting periods as specified are as follows:

	2022	2021				2020		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Rate at end of period								
Thai baht / Cdn \$ exchange	26.25	25.76	26.24	25.47	24.47	23.09	23.27	22.25
Cdn \$ / US \$ exchange	1.25	1.27	1.27	1.24	1.26	1.27	1.33	1.36

The Company holds U.S. dollars within Canada to meet U.S. dollar cash requirements of its foreign operations and at March 31, 2022 the Company held \$10.2 million (December 31, 2021: \$14.4 million) denominated in U.S. dollars as cash and cash equivalents.

Thailand Joint Venture operations use Thai baht as their functional currencies for reporting. The currency is translated into Canadian dollars at each reporting period end with the unrealized translation gain or loss recognized in accumulated other comprehensive income or loss ("AOCI" or "AOCL").

Accumulated Other Comprehensive Income or Loss in the consolidated statement of financial position is reported as follows:

(\$thousands)	Three months ended	
	2022	2021
AOCI (AOCL), beginning of period	(367)	2,268
Unrealized foreign currency translation loss from Thailand Joint Venture	(484)	(1,369)
AOCI (AOCL), end of period	(851)	899

Summary of Quarterly Results

	2022	2021				2020		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Financial (\$thousands) except as indicated ⁽¹⁾								
Interest revenue	4	13	17	12	6	18	69	23
Cash flow used in operating activity, continuing operations	(967)	(1,212)	(227)	(620)	(991)	(597)	(355)	(591)
Cash flow used in operating activity, discontinued operations ⁽²⁾	(151)	(10)	(7)	(103)	(33)	(46)	(42)	(181)
Total assets	44,276	60,708	57,512	54,799	54,427	56,233	56,879	58,967
Working capital & non-current deposits	11,513	32,048	28,443	29,542	23,415	23,577	26,411	24,801
Shares outstanding (thousands)	49,794	49,794	49,794	49,881	50,303	51,744	52,077	52,175
Net income (loss) from continuing operations ⁽³⁾	3,553	3,190	3,643	1,518	1,160	(463)	(1,052)	(1,737)
Net income (loss) from discontinued operations ⁽³⁾	(39)	(239)	(771)	(2)	(20)	46	(11)	703
Total net income (loss) ⁽³⁾	3,514	2,951	2,872	1,516	1,140	(417)	(1,063)	(1,034)
Per share basic and diluted (\$)	0.07	0.06	0.06	0.03	0.02	(0.04)	(0.02)	(0.02)
Operations (\$thousands), including 50.01% equity interest in Thailand Joint Venture								
Daily oil sales (BOPD) net to Pan Orient ⁽⁴⁾	1,105	1,426	1,402	1,399	1,353	1,491	1,114	1,060
Total corporate adjusted funds flow from operations ⁽⁵⁾	4,494	4,420	5,008	3,880	3,382	1,528	2,410	1,205
Capital expenditures ⁽⁶⁾	1,336	853	1,273	1,848	1,829	1,644	3,410	1,415
Total corporate adjusted funds flow from (used in) operations (\$/bbl) ⁽⁵⁾								
Realized crude oil price	122.67	98.03	88.74	78.43	73.82	56.95	53.38	40.49
Royalties	(6.22)	(5.24)	(4.74)	(4.23)	(3.93)	(3.06)	(2.77)	(2.02)
Transportation & operating	(8.95)	(8.25)	(7.67)	(7.74)	(8.61)	(10.27)	(10.24)	(10.16)
Field Netback – Thailand Joint Venture	107.60	84.54	76.33	66.47	61.27	43.63	40.37	28.31
Operating expense - Andora ⁽⁷⁾	(0.66)	(0.45)	(0.64)	(0.76)	(0.35)	(0.39)	(0.91)	(0.65)
General and administrative ⁽⁸⁾	(8.30)	(6.81)	(5.63)	(5.76)	(6.71)	(6.65)	(7.07)	(8.53)
Stock-based compensation expense on restricted share units	(2.69)	(2.86)	(2.15)	(1.99)	(0.81)	(1.14)	(1.48)	(0.78)
Exploration and other expense (recovery)	(0.82)	(1.25)	0.02	(0.02)	(0.01)	0.01	0.02	6.97
Interest income	0.04	0.10	0.14	0.10	0.05	0.15	0.67	0.30
Foreign exchange gain (loss)	(1.63)	(0.74)	3.72	(2.20)	(1.77)	(6.55)	(4.08)	(7.70)
Current income tax expense	(48.34)	(38.85)	(32.43)	(25.36)	(23.90)	(17.91)	(4.00)	(5.42)
Total corporate adjusted funds flow from operations	45.20	33.68	39.36	30.49	27.78	11.15	23.52	12.49

(1) Amounts presented were set out in the Consolidated Financial Statements of Pan Orient Energy Corp.

(2) Activities of the Company in Indonesia are reported as discontinued operations.

(3) Net income (loss) attributed to common shareholders.

(4) Oil revenue generated within the Thailand Joint Venture, net to Pan Orient.

(5) Total corporate adjusted funds flow from operations is cash flow from operating activities prior to changes in non-cash working capital, unrealized foreign exchange gain or loss, settlement of decommissioning provision plus the corresponding amount from Pan Orient's 50.01% interest in the Thailand Joint Venture which is recorded in Investment in Joint Venture for financial statement purposes and funds flow from (used in) operations from discontinued operation in Indonesia. This measure is used by management to analyze operating performance and leverage. Adjusted funds flow as presented does not have any standardized meaning prescribed by IFRS and therefore it may not be comparable with the calculation of similar measures of other entities. Adjusted funds flow is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS.

(6) Including the 50.01% interest in the Thailand Joint Venture and discontinued operations in Indonesia. Excluding decommissioning costs and impact of change in foreign exchange rates.

(7) Operating expense related to Andora's suspended demonstration project facility and well pair at Sawn Lake Central. These expenses were previously capitalized prior to the E&E impairment recorded during the first quarter of 2020.

(8) General and administrative costs excluding accretion expense on decommissioning costs.

(9) Tables may not add due to rounding.

Q2 2020 – Total corporate adjusted funds flow from operations of \$1.2 million. Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from operations of \$2.0 million with average daily oil sales from Concession L53 of 1,060 BOPD (\$20.91 per barrel) and working capital and long-term deposits at June 30, 2020 of \$6.6 million. Net loss attributable to common shareholders was \$1.0 million (\$0.02 loss per share) for the quarter. Pan Orient's share of Thailand Joint Venture capital expenditures was \$1.4 million mainly related to the drilling of L53-BB1 exploration well, workover activities, equipment inventory purchases, capitalized general and administrative expenses and other development activities. At June 30, 2020, working capital and non-current deposits (including the Thailand Joint Venture) totaled \$31.4 million and the Company had no long-term debt.

Q3 2020 – Total corporate adjusted funds flow from operations of \$2.4 million. Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from operations of \$3.5 million with average daily oil sales from Concession L53 of 1,114 BOPD (\$34.52 per barrel) and working capital and long-term deposits at September 30, 2020 of \$3.5 million. Net loss attributable to common shareholders was \$1.1 million (\$0.02 loss per share) for the quarter. Pan Orient's share of Thailand Joint Venture capital expenditures was \$3.4 million mainly related to the drilling of L53-DD7 and L53-DD8 appraisal wells, workover activities, equipment inventory purchases, capitalized general and administrative expenses and other development activities. At September 30, 2020, working capital and non-current deposits (including the Thailand Joint Venture) totaled \$29.9 million and the Company had no long-term debt.

Q4 2020 – Total corporate adjusted funds flow from operations of \$1.5 million. Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from operations of \$3.2 million with average daily oil sales from Concession L53 of 1,491 BOPD (\$23.54 per barrel) and working capital and long-term deposits at December 31, 2020 of \$5.0 million. Net loss attributable to common shareholders was \$0.4 million (\$0.01 loss per share) for the quarter. Pan Orient's share of Thailand Joint Venture capital expenditures was \$1.5 million mainly related to the drilling of L53-DD9 appraisal well, workover activities, equipment inventory purchases, capitalized general and administrative expenses and other development activities. At December 31, 2020, working capital and non-current deposits (including the Thailand Joint Venture) totaled \$28.5 million and the Company had no long-term debt.

Q1 2021 – Total corporate adjusted funds flow from operations of \$3.4 million. Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from operations of \$4.3 million with average daily oil sales from Concession L53 of 1,353 BOPD (\$35.46 per barrel) and working capital and long-term deposits at March 31, 2021 of \$4.3 million. Net income attributable to common shareholders was \$1.1 million (\$0.02 per share) for the quarter. Pan Orient's share of Thailand Joint Venture capital expenditures were \$1.8 million and consisted of drilling of L53-DD10 and L53-DD12 appraisal wells, workover activities, equipment inventory purchases, capitalized general and administrative expenses and other development activities. At March 31, 2021, working capital and non-current deposits (including the Thailand Joint Venture) totaled \$27.9 million and the Company had no long-term debt.

Q2 2021 – Total corporate adjusted funds flow from operations of \$3.9 million. Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from operations of \$5.0 million with average daily oil sales from Concession L53 of 1,399 BOPD (\$39.60 per barrel) and working capital and long-term deposits at June 30, 2021 of \$1.4 million. Net income attributable to common shareholders was \$1.5 million (\$0.03 per share) for the quarter. Pan Orient's share of Thailand Joint Venture capital expenditures were \$1.8 million and consisted of drilling of L53-DD11 appraisal well, workover activities, equipment inventory purchases, capitalized general and administrative expenses and other development activities. At June 30, 2021, working capital and non-current deposits (including the Thailand Joint Venture) totaled \$30.9 million and the Company had no long-term debt.

Q3 2021 – Total corporate adjusted funds flow from operations of \$5.0 million. Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from operations of \$5.4 million with average daily oil sales from Concession L53 of 1,402 BOPD (\$41.45 per barrel) and working capital and long-term deposits at September 30, 2021 of \$5.3 million. Net income attributable to common shareholders was \$2.9 million (\$0.06 per share) for the quarter. Pan Orient's share of Thailand Joint Venture capital expenditures were \$1.3 million and consisted of workover activities, equipment inventory purchases, capitalized general and administrative expenses and other development activities. At September 30, 2021, working capital and non-current deposits (including the Thailand Joint Venture) totaled \$33.8 million and the Company had no long-term debt.

Q4 2021 – Total corporate adjusted funds flow from operations of \$4.4 million. Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from operations of \$5.7 million with average daily oil sales from Concession L53 of 1,426 BOPD (\$43.56 per barrel) and working capital and long-term deposits at December 31, 2021 of \$5.0 million. Net income attributable to common shareholders was \$3.0 million (\$0.06 per share) for the quarter. Pan Orient's share of Thailand Joint Venture capital expenditures were \$0.9 million and consisted of workover activities, equipment inventory purchases, capitalized general and administrative expenses and other development activities. At December 31, 2021, working capital and non-current deposits (including the Thailand Joint Venture) totaled \$37.1 million and the Company had no long-term debt.

Q1 2022 – Total corporate adjusted funds flow from operations of \$4.5 million. Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from operations of \$5.7 million with average daily oil sales from Concession L53 of 1,105 BOPD (\$57.19 per barrel) and working capital and long-term deposits at March 31, 2022 of \$7.9 million. Net income attributable to common shareholders was \$3.5 million (\$0.07 per share) for the quarter. Pan Orient's share of Thailand Joint Venture capital expenditures were \$1.3 million and consisted of workover activities, equipment inventory purchases, capitalized general and administrative expenses and other development activities. In March 2022, Andora entered into an agreement with a joint venture partner at Sawn Lake whereby Andora acquired certain assets and assumed certain liabilities at Sawn Lake. Following the transaction, Andora has a 75% working interest in the Sawn Lake joint venture. In February 2022, the Company paid a \$0.40 per share special distribution to shareholders following shareholder approval of a reorganization of the Company's share capital. The amount paid on February 10, 2022 was \$19.9 million. At March 31, 2022, working capital and non-current deposits (including the Thailand Joint Venture) totaled \$19.4 million and the Company had no long-term debt.

Additional Information

Additional information relating to the Company can be found on SEDAR at www.sedar.com



PAN ORIENT ENERGY CORP.

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